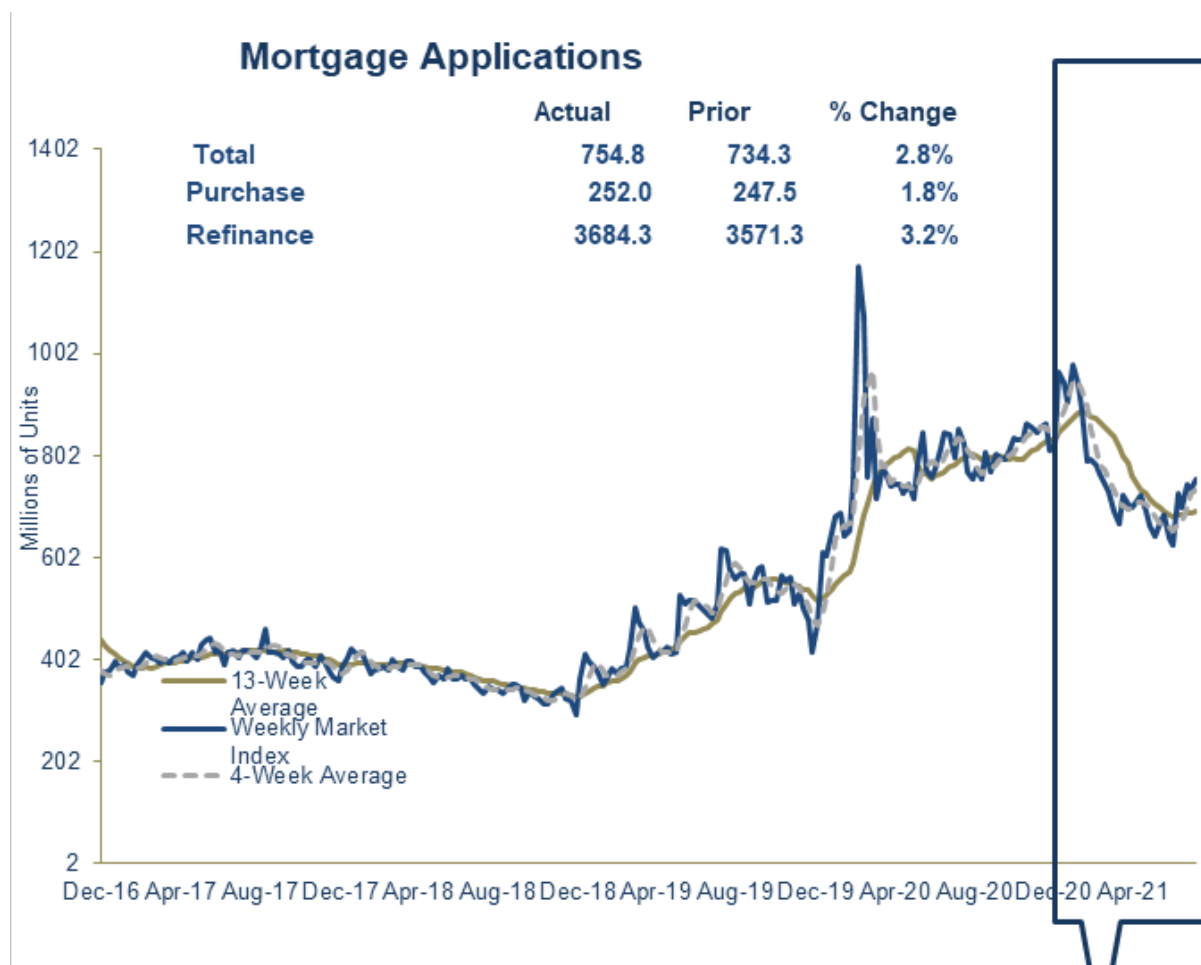
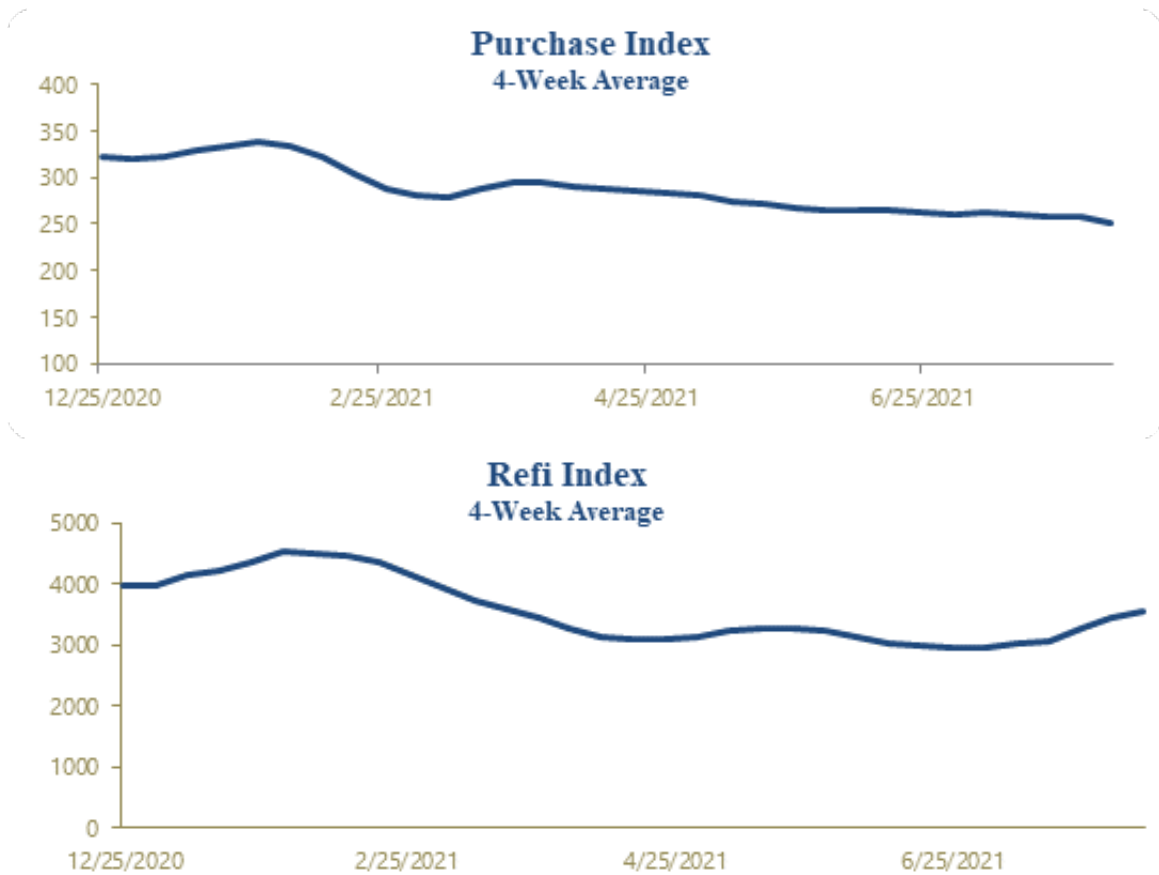


11.Aug.2021

Mortgage Apps: Sub-3% Rates Finally Nudge Applications Higher

Bottom Line: Mortgage applications for purchases and refis were slightly higher last week after a surprisingly modest reaction to lower mortgage rates. 68% of applications were for refinancing, notably higher than in mid-June when rates were hovering near a local high and refis were about 61% of total applications. Still, the refi response was muted in the July and early August move to lower mortgage rates. Moreover, purchase application volumes remain modest, suggesting housing activity has cooled from its torrid pace. Finally, these data likely represent a local low in mortgage rates. Current coupon yields in the secondary market were up 10 bps by late last week, closing at 1.78%, and were up 6 bps this week through Tuesday.





The MBA Mortgage Applications Index ROSE by 2.8% during the week ended August 6 to 754.8, moderately above its 13 week average of 693.5 but 11.5% BELOW its year-ago level.

The Purchase Index ROSE by 1.8% to 252.0, modestly below its 13 week average of 260.1 and 17.8% BELOW its year-ago level.

The Refinance Index ROSE by 3.2% to 3,684. Despite this increase, refinancing activity is sharply above its 13 week average of 3,213 but 8.5% BELOW its year-ago level.

Contract Mortgage Rates ROSE with the 30-year fixed rate increasing by 2 bps to 2.99% and the 15-year fixed rate increasing by 2 bps to 2.35%.

Key findings of MBA's Forbearance and Call Volume Survey - July 26 to August 1, 2021

- Total loans in forbearance decreased by 7 basis points relative to the prior week: from 3.47% to 3.40%.
 - By investor type, the share of Ginnie Mae loans in forbearance decreased relative to the prior week: from 4.30% to 4.18%.

- The share of Fannie Mae and Freddie Mac loans in forbearance decreased relative to the prior week: from 1.79% to 1.74%.
 - The share of other loans (e.g., portfolio and PLS loans) in forbearance decreased relative to the prior week: from 7.44% to 7.37%.
- By stage, 9.7% of total loans in forbearance are in the initial forbearance plan stage, while 82.9% are in a forbearance extension. The remaining 7.4% are forbearance re-entries.
- Total weekly forbearance requests as a percent of servicing portfolio volume (#) decreased relative to the prior week: from 0.06% to 0.04%.
- Of the cumulative forbearance exits for the period from June 1, 2020, through August 1, 2021:
 - 28.1% resulted in a loan deferral/partial claim.
 - 22.9% represented borrowers who continued to make their monthly payments during their forbearance period.
 - 15.7% represented borrowers who did not make all of their monthly payments and exited forbearance without a loss mitigation plan in place yet.
 - 13.3% resulted in reinstatements, in which past-due amounts are paid back when exiting forbearance.
 - 11.0% resulted in a loan modification or trial loan modification.
 - 7.5% resulted in loans paid off through either a refinance or by selling the home.
 - The remaining 1.5% resulted in repayment plans, short sales, deed-in-lieu or other reasons.
- Weekly servicer call center volume:
 - As a percent of servicing portfolio volume (#), calls increased relative to the prior week: from 5.5% to 6.8%.
 - Average speed to answer increased from 0.8 minutes to 0.9 minutes.
 - Abandonment rates increased from 3.4% to 3.6%.
 - Average call length increased from 7.8 minutes to 7.9 minutes.
- Loans in forbearance as a share of servicing portfolio volume (#) as of August 1, 2021:
 - Total: 3.40% (previous week: 3.47%)
 - IMBs: 3.63% (previous week: 3.67%)
 - Depositories: 3.49% (previous week: 3.59%)

MBA's latest Forbearance and Call Volume Survey covers the period from July 26 through August 1, 2021, and represents 74% of the first-mortgage servicing market (36.9 million loans).

Mortgage Interest Rates

4-Week Average

30-Year Fixed Rate, 15-Year Fixed Rate



Purchase Index vs. Existing Home Sales



Refinancing Index vs Mortgage Rate

4-Week Average



	6-Aug	30-Jul	23-Jul	16-Jul	9-Jul	2-Jul	25-Jun	18-Jun	11-Jun	13 Wk Avg	Year Ago
Market Index	754.8	734.3	747.0	698.3	727.5	627.0	638.8	686.4	672.4	693.5	852.8
Percent Change	2.8	-1.7	7.0	-4.0	16.0	-1.8	-6.9	2.1	4.2	8.8	-11.5
<i>Non-seasonally Adj. % Chg</i>	<i>2.5</i>	<i>-1.7</i>	<i>6.8</i>	<i>20.0</i>						<i>9.9</i>	<i>-11.6</i>
Purchase Index	252.0	247.5	251.9	255.8	273.3	252.4	255.2	268.0	266.3	260.1	306.6
Percent Change	1.8	-1.7	-1.5	-6.4	8.3	-1.1	-4.8	0.6	1.6	-3.1	-17.8
Refinancing Index	3,684	3,571	3,633	3,268	3,362	2,791	2,857	3,110	3,027	3,213	4,025
Percent Change	3.2	-1.7	11.2	-2.8	20.4	-2.3	-8.2	2.8	5.5	14.7	-8.5
Refinance % of Total	68.0	67.6	67.5	64.9	64.1	61.6	61.9	62.5	61.7	63.6	65.7
	0.6	0.1	4.0	1.2	4.1	-0.5	-1.0	1.3	2.2	7.0	3.5
% of ARMs	3.2	3.4	3.5	3.3	3.5	3.3	3.6	3.9	3.8	3.6	2.7
30-Year Fixed Rate	2.99	2.97	3.01	3.11	3.09	3.15	3.20	3.18	3.11	3.11	3.06
15-Year Fixed Rate	2.35	2.33	2.36	2.46	2.48	2.52	2.56	2.58	2.49	2.48	2.67
5-Year ARM on 30-Year	2.52	2.93	2.81	2.74	3.02	2.94	2.98	2.69	2.69	2.75	3.00

Source: Mortgage Bankers Association via Bloomberg. Our calculations.

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August 11, 2021

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